

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 AGR-20 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 SWF-02

CIEP-02 OMB-01 PA-04 PRS-01 USIA-15 L-03 TAR-02 /110 R

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ARA/ECP:CREYNOLDS (DRAFT)

EB/ORF/TRT:PPILKAUKAS (DRAFT)

EB:JKATZ (DRAFT)

ARA/PAF:KMARSHALL (DRAFT)

S/PRS:PHARE (DRAFT)

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R 261426Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMCONSUL GUAYAQUIL

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ETRD, PFOR

SUBJECT: BANANA EXPORT TAX

1. THE FOLLOWING GUIDANCE WAS PREPARED FOR NOON
PRESS BRIEFING AND MAY BE DRAWN UPON BY EMBASSIES.

2. ADVISORY TO PRESS SPOKESMAN (FOR YOUR BACKGROUND
ONLY) REPRESENTATIVES FROM SOUTH AND CENTRAL AMERICAN
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BANANA PRODUCING COUNTRIES MET RECENTLY AND REACHED

GENERAL AGREEMENT ON IMPOSING AN EXPORT TAX ON BANANAS (\$1 PER BOX FOR CENTRAL AMERICAN BANANAS AND \$.40 PER BOX ON HOSE FROM ECUADOR AND COLOMBIA) U.S. BANANA COMPANIES (STANDARD, UNITED AND DEL MONTE) WERE GIVEN LITTLE OPPORTUNITY TO VOICE THEIR VIEWS. THEY (THE FRUIT COMPANIES) HAVE INFORMED US PRIVATELY THAT THEY ARE OPPOSED TO THE TAXES BECAUSE THEY FEAR IT WILL HAVE A SERIOUS NEGATIVE EFFECT ON THE MARKET. NATURALLY WE ARE CONCERNED WITH A DEVELOPMENT WHICH WOULD A) BE DETRIMENTAL TO AMERICAN COMPANIES, B) INCREASE THE COST OF BANANAS TO U.S. CONSUMERS, AND C) SIGNAL THE EMERGENCE OF ANOTHER PRODUCER CARTEL (ALTHOUGH WE WOULD NOT WANT TO RAISE LAST POINT PUBLICLY).

3. QUESTIONS AND ANSWERS

Q: WHAT CAN YOU TELL US ABOUT THE DECISION OF BANANA

EXPORTING COUNTRIES IN CENTRAL AND SOUTH AMERICA TO IMPOSE AN EXPORT TAX?

A: WELL, SEVERAL BANANA PRODUCING COUNTRIES HAVE REACHED GENERAL AGREEMENT TO IMPOSE AN EXPORT TAX ON BANANAS. WE UNDERSTAND THAT THEY PLAN TO MEET AGAIN TO DISCUSS THIS MATTER FURTHER.

Q: WHAT IS THE ATTITUDE OF U.S. FRUIT COMPANIES SUCH AS UNITED AND STANDARD?

A: I DON'T FEEL THAT I SHOULD COMMENT ON THEIR VIEWS. YOU SHOULD QUERY THEM DIRECTLY.

Q: HOW DOES THE USG VIEW THIS DEVELOPMENT?

A: WE SEE THIS AS A POTENTIAL ISSUE WHICH COULD HAVE IMPLICATIONS FOR ALL PARTIES. MOST IMPORTANTLY, PERHAPS, IS THE SEEMING INCONSISTENCY OF THIS ACTION WITH EFFORTS BY BANANA PRODUCING COMPANIES, WHICH WE HAVE SUPPORTED, TO IMPROVE THEIR ACCESS TO MARKETS FOR THEIR BANANAS. QUITE NATURALLY, THE USG IS CONCERNED LIMITED OFFICIAL USE

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ABOUT ANY ACTIONS WHICH RESULT IN HIGHER PRICES FOR U.S. CONSUMERS AND ARE DISRUPTIVE OF INTERNATIONAL TRADE. WE ARE HOPEFUL THAT A SOLUTION CAN BE FOUND WHICH IS EQUITABLE TO ALL CONCERNED.

RUSH

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Message Attributes

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